Rocky Mountain Power and the proposed rate for rooftop solar customers

FREQUENTLY ASKED QUESTIONS

What is net metering?

Net metering is a billing method that gives a credit to renewable energy system owners (like those who own private rooftop solar panels) for the electricity they produce and add back into the power grid.

How it works

When rooftop solar customers don't use all of the solar energy their panels produce, that excess energy flows into the power grid and their **energy company pays them at a set rate**, or price, (a certain number of **cents per kilowatt hour**). This rate is determined by state regulators who oversee energy companies.

What is the new proposed rate?

On November 9, 2016, Rocky Mountain Power filed proposed changes to rates for new net metering customers with the Utah Public Service Commission. New rates would only apply to customers who submit net metering applications after December 9, 2016. We support keeping the same rates for existing private solar customers.

We're recommending a new three-part net metering rate for solar customers that will better reflect system use.

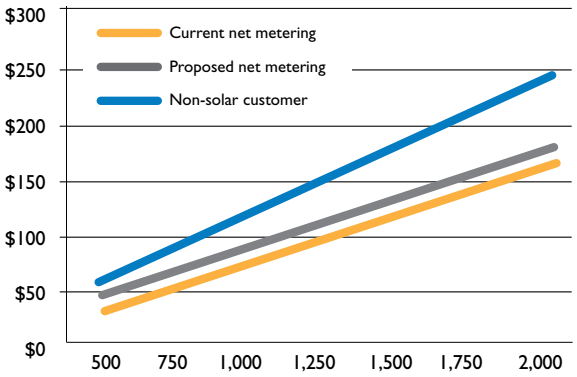
The three-part rate includes:

- $15 fixed charge – for costs like customer service and meters
- $9.02 peak demand charge – for costs like poles, wires and generation
- 3.81 cents per kilowatt-hour use rate – for energy consumed

Also, a new $60 one-time application fee will be required for net metering customers with systems smaller than 25 kilowatts. The fee for systems above 25 kilowatts would change from $50 to $75 and the "per-kilowatt" charge would change from $1 to $1.50. The applications for systems above 25 kilowatts that require more analysis would change from $100 to $150 and the "per-kilowatt" charge would change from $2 to $3.

Current net metering customers will continue to pay a $6 monthly customer charge and pay and receive credit for energy at the current range from **8.85 to 14.5 cents per kilowatt hour**.

Average customer bill –50% solar



What does this mean for customers?

Here is the difference for a typical customer who uses 1,000 kilowatt-hours per month and has a private rooftop solar system that offsets half of the household energy use:

- $55/month – Average bill under **current** net metering rate
- $74/month – Average bill under **new** net metering rate

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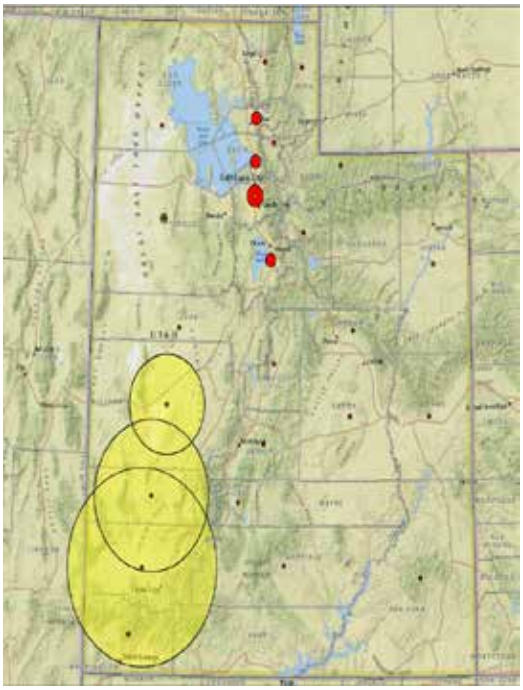
The average energy bill without net metering is $114 per month.

A typical new residential net metering customer would still save about $40 per month (or 35%) compared to an average customer who isn't on net metering. By doing this, the subsidy paid by non-solar customers would be eliminated.

Won't this change kill solar in Utah?

No. Customers with rooftop solar will still save money on their energy bills—about 35% compared to non-solar customers.

In addition, the vast majority of solar in Utah is from large solar farms and not from private rooftop systems. Twenty solar farms built in Utah over past two years **generate more than 8x the solar power** of all rooftop systems in Utah.



Rooftop Solar – 107.3 MW

Large-scale Solar – 836.8 MW

Energy from large solar farms is the most cost effective way to add solar to the grid. Here is a comparison of how much it costs to purchase solar energy from different sources:

- From large-scale solar farms: **3-4 cents** per kilowatt-hour
- From rooftop systems (at current net metering rate): **10.5 cents** per kilowatt-hour
- From rooftop systems (at new proposed net metering rate): **7.1 cents** per kilowatt-hour

Rocky Mountain Power's Subscriber Solar program allows customers to buy solar even if they rent or can't afford rooftop solar panels or don't want them on their homes.

- For customers who are already signed up, solar power will begin coming to the grid in 2017. The power comes from a new solar farm near Holden, Utah.
- The program is currently sold out, but we are planning to build additional solar farms which will open more opportunities for Rocky Mountain Power customers to sign up.

How does the current rate create a subsidy?

A subsidy is occurring because private rooftop solar customers do not pay enough on their energy bills to cover the costs of all Rocky Mountain Power aspects of serving customers through the poles, wires and other important infrastructure of the electrical grid. Other customers who do not have private solar are paying instead.

All net metering customers depend on the grid for 23.99 hours out of the day to receive power when their solar systems are not generating solar energy, and to return excess energy that they do not use.

System costs for providing service to net metering customers are still similar to non-solar customers, even though solar customers use less power from the grid.

The current energy bill subsidy for solar customers (which pays out at 3-4 times the market rate for energy) means they don't pay for fixed system costs like wire and pole maintenance. Instead, other customers pick this up.

More info can be found at **utahsolarworks.com**.

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